

ENDORSED
FILED
San Francisco County Superior Court

DEC - 9 2014

CLERK OF THE COURT
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Deputy Clerk

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO
UNLIMITED JURISDICTION

CGC-14-543113

Case No.

**STIPULATED JUDGMENT AND
PERMANENT INJUNCTION**

21 THE PEOPLE OF THE STATE OF
22 CALIFORNIA,

Plaintiff,

vs.

LYFT, INC.; a Delaware Corporation.

Defendant.

1 Plaintiff, the People of the State of California, represented by George Gascón, District
2 Attorney for the City and County of San Francisco and Jackie Lacey, District Attorney for the
3 County of Los Angeles, and Defendant Lyft, Inc., (hereinafter “Defendant” or “Lyft”), represented
4 by Rachael E. Meny of Keker & Van Nest LLP, having stipulated to entry of this Stipulated Final
5 Judgment and Permanent Injunction (hereinafter “Stipulated Judgment”) without the taking of
6 proof and without this judgment constituting evidence of or an admission by any party regarding
7 any issue of law or fact alleged in the complaint, all parties having waived the right to appeal, and
8 good cause appearing,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

- 10 1. The Court has jurisdiction of the parties hereto and the subject matter hereof.
11 2. The District Attorneys for the City and County of San Francisco and the County of
12 Los Angeles have the authority, and have exercised the authority, under the laws of the State of
13 California to maintain this action for and on behalf of the People of the State of California
14 concerning the conduct alleged in the Complaint.

15 3. This Stipulated Judgment entered into by the parties has been reviewed by the Court,
16 and the Court finds that it has been entered into in good faith and is in all respects just, reasonable,
17 equitable and adequate.

PERMANENT INJUNCTION

- 19 4. The injunctive provisions of this Stipulated Judgment shall be applicable to Defendant
20 as well as its subsidiaries, its successors and the assigns of all or substantially all the assets of its
21 business, including but not limited to Lyft, Lyft Plus, and Lyft Line services (collectively "Lyft
22 Services"); its directors, officers, employees and agents; and to all persons, corporations and other
23 entities acting in concert or in participation with any of them with actual or constructive
24 knowledge of this Stipulated Judgment.

5. Pursuant to Business and Professions Code sections 17203 and 17535, Defendant is
hereby subject to the following mandatory and prohibitory injunctive provisions related to its
technology used to calculate fares:

1 A. Upon entry of this Stipulated Judgment, Defendant shall comply with California
2 Business and Professions Code section 12500.5 for its current technology and any future
3 measuring or counting technology used to calculate fares for Lyft Services in California
4 (collectively “Technology”).

5 B. Defendant shall submit its Technology to the California Department of Food and
6 Agriculture’s Division of Measurement Standards (“DMS”) for evaluation and approval under
7 California’s Business and Professions Code 12500 *et seq.* Defendant shall cooperate in good faith
8 with DMS during this evaluation and approval process.

9 C. Notwithstanding paragraph 5(A), while the Technology is undergoing evaluation
10 and approval by DMS, Defendant’s use of the Technology shall not constitute a violation of this
11 Stipulated Judgment. Once DMS issues a final decision on the Technology, Defendant’s
12 subsequent use of the Technology in any manner inconsistent with that decision shall constitute a
13 violation of this Stipulated Judgment beginning 60 calendar days after Defendant’s receipt of the
14 DMS decision, unless Defendant obtains relief therefrom.

15 D. While Defendant’s current Technology is undergoing evaluation and approval by
16 DMS, Defendant shall represent to consumers that any calculation of fares for Lyft Services in
17 California has not yet been evaluated and/or approved by DMS.

18 E. Notwithstanding paragraph 5(A), other than in a proceeding brought by Plaintiff
19 pursuant to Business and Professions Code sections 17200 or 17207 or in further proceedings
20 brought by Plaintiff before this Court to enforce this Stipulated Judgment, Defendant retains any
21 and all rights to dispute the applicability of Business and Professions Code section 12500.5 in any
22 proceeding, including any proceeding appealing, reviewing, or seeking relief from a final decision
23 by DMS regarding the Technology.

24 F. Nothing in this Stipulated Judgment purports to limit, enhance, alter or modify any
25 of the California Department of Food and Agriculture’s enforcement capabilities or rights.

26 6. Pursuant to Business and Professions Code sections 17203 and 17535, Defendant is
27 hereby subject to the following mandatory and prohibitory injunctive provisions related to its

1 representations to the California public about its criminal history background checks for California
2 drivers ("the California Background Checks"):

3 A. Defendant shall not make any false or misleading representation, expressly or by
4 implication or material omission, to any consumer, whether in the form of a comparison or
5 otherwise, regarding the California Background Checks.

6 B. In any representation made by Defendant to consumers regarding the California
7 Background Checks:

8 (1) Defendant shall not list any offense type that does not result in automatic
9 disqualification as a Lyft driver.

10 (2) Defendant shall not represent that it screens against arrests for any instances
11 where Defendant actually screens only against convictions.

12 (3) Defendant shall identify the time period covered by its background check
13 report or, if shorter, any time period used for disqualification purposes.

14 C. Defendant shall not use terms such "best available," "industry leading," or "gold
15 standard," in connection with any description of the California Background Checks, or in
16 connection with any description of its efforts to ensure rider safety which expressly or by
17 implication includes or refers to the California Background Checks, unless Defendant utilizes the
18 most comprehensive and technologically advanced background check process that is available to
19 screen drivers of vehicles for hire anywhere in California.

20 7. Pursuant to Business and Professions Code sections 17203 and 17535, Defendant is
21 hereby subject to the following mandatory and prohibitory injunctive provisions related to
22 operations at California airports:

23 A. Defendant shall not permit, encourage, assist or enable Lyft drivers to conduct
24 operations on the property of or into any California airport unless such operation is expressly
25 authorized by the airport authority involved.

26 B. Defendant shall take the following actions to ensure that Lyft drivers do not
27 conduct operations on the property of or into any California airport unless such operation is

1 expressly authorized by the airport authority involved:

2 (1) Defendant shall inform all California Lyft drivers by email; on a conspicuous
3 portion of any website of Defendant utilized for California Lyft drivers, and in any terms and
4 conditions specifically applicable to California drivers, not to conduct operations on the property
5 of or into any airport in California unless such operation is expressly authorized by the airport
6 authority involved. In all such communications other than the terms and conditions, Defendant
7 shall list the California airports where operation is not currently expressly authorized.

8 (2) Defendant shall not reimburse drivers for any citations received for operating
9 without authorization at any California airport where Defendant has not yet received express
10 authorization to operate at the airport, if those citations are received after Defendant must
11 implement this paragraph as set forth in paragraph 7(C).

12 (3) Defendant shall implement geo-fence technology (a virtual perimeter for the
13 property line surrounding the airport) to prevent riders from requesting a ride pick up through the
14 Lyft Services from any California airport where the Defendant has not obtained express
15 authorization to conduct operations.

16 (4) Defendant shall deactivate the account of any Lyft driver who conducts
17 unauthorized operations at any California airport within ten (10) days after Defendant receives
18 actual notice of the driver's third unauthorized Lyft trip to any California airport. Actual notice
19 includes any information within Defendant's systems indicating that a driver has either picked up
20 or dropped off a passenger at an airport where Defendant has not obtained express authorization to
21 conduct operations.

22 C. Defendant shall implement the provisions of Paragraphs 7(A) and 7(B) within one
23 hundred eighty (180) days after entry of this Stipulated Judgment. Notwithstanding the foregoing,
24 if any California airport has issued or issues a cease-and-desist letter to Defendant, Defendant
25 shall promptly comply with all demands to cease airport operations specified in the letter and shall
26 implement the applicable measures set forth in Paragraphs 7(A) and 7(B) with respect to that
27 particular California airport.

1 D. Other than in a proceeding brought by Plaintiff pursuant to Business and
2 Professions Code sections 17200 or 17207 or in further proceedings brought by Plaintiff before
3 this Court to enforce this Stipulated Judgment, Defendant retains any and all legal rights and
4 defenses with respect to issues related to Lyft's California airport operations.

5 E. Nothing in this Stipulated Judgment purports to limit, waive, alter or modify the
6 legal rights of or the ability of any California airport authority to enforce its rules and regulations.

7 F. In any proceeding brought by Plaintiff pursuant to Business and Professions Code
8 sections 17200 or 17207 or in further proceedings brought by Plaintiff before this Court to enforce
9 this Stipulated Judgment, Defendant shall have the burden of proving by a preponderance of the
10 evidence any claim it makes that Defendant has obtained express authorization to operate at an
11 airport.

12 8. Within four (4) years after entry of this Stipulated Judgment, Plaintiff's counsel may
13 make reasonable requests to Defendant for information showing its compliance with any
14 provision(s) of the injunctive terms of this Stipulated Judgment. Defendant shall furnish such
15 information within thirty (30) days after the request is made, or within the time period specified in
16 any other paragraph of this Stipulated Judgment, whichever is shorter, unless another date is
17 agreed upon in writing.

CIVIL PENALTIES

19 9. Defendant shall pay, pursuant to Business and Professions Code sections 17206 and
20 17536, a civil penalty in the sum of Five Hundred Thousand Dollars (\$500,000.00), which sum
21 shall be paid as follows:

22 A. Two Hundred Fifty Thousand Dollars (\$250,000.00) shall be paid 30 days after
23 the date of entry of this Stipulated Judgment (hereinafter “First Payment”). Pursuant to
24 Government Code section 26506, the First Payment shall be allocated as follows: One Hundred
25 Twenty-Five Thousand Dollars (\$125,000.00) to the San Francisco District Attorney’s Office; and
26 One Hundred Twenty-Five Thousand Dollars (\$125,000.00) to the Los Angeles County District
27 Attorney’s Office.

1 B. An additional Two Hundred And Fifty Thousand Dollars (\$250,000.00) shall be
2 paid four hundred fifty (450) days after the date of entry of this Stipulated Judgment (hereinafter
3 "Second Payment"), subject to paragraph 10(F) below. If the 450th day falls on a weekend or
4 holiday, the Second Payment shall be made on the first business day after the 450th day. Pursuant
5 to Government Code section 26506, the Second Payment shall be allocated as follows: One
6 Hundred Twenty-Five Thousand Dollars (\$125,000.00) to the San Francisco District Attorney's
7 Office; and One Hundred Twenty-Five Thousand Dollars (\$125,000.00) to the Los Angeles
8 County District Attorney's Office.

9 C. Plaintiff shall permanently stay payment of the Second Payment if it determines,
10 in good faith, that Defendant has complied with this Stipulated Judgment after the date of the entry
11 of the Stipulated Judgment.

12 D. Three hundred sixty five (365) days after entry of this Stipulated Judgment, or the
13 first business day thereafter if the 365th day falls on a weekend or holiday, Defendant shall provide
14 Plaintiff with the following information to enable Plaintiff to make a determination whether
15 payment of the Second Payment shall be stayed:

16 (1) A certification under penalty of perjury by Defendant's Chief Executive
17 Officer that, to the best of his knowledge, Defendant has fully complied with each of the terms and
18 conditions of this Stipulated Judgment;

19 (2) A copy of every representation concerning the California Background
20 Checks made by Defendant in a corporate publication or statement, or made by any Lyft
21 designated spokesperson, authorized agent, or executive, since entry of this Stipulated Judgment;

22 (3) A copy of every representation concerning or relating to Lyft's ability to
23 operate at California airports made by Defendant in a corporate publication or statement, or made
24 by any Lyft designated spokesperson, authorized agent, or executive, since entry of this Stipulated
25 Judgment;

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(4) A list of all California airports where Defendant has operated at any time since entry of this Stipulated Judgment and evidence sufficient to show the express authorization provided to Lyft to operate at those airports;

(5) A copy of all cease-and-desist letters received by Defendant from a California airport and, for each such cease-and-desist letter received, a statement describing the measures taken by Defendant to comply with the terms of paragraph 7(B) of this Stipulated Judgment for that airport, and a statement of the number of trips to that airport made by Lyft drivers after Defendant received the cease-and-desist letter, or after the date of entry of this Stipulated Judgment, whichever is later;

(6) Within 15 days after receiving the information in items (1) through (5), Plaintiff will notify Defendant if it requests any additional information that is reasonably necessary to determine compliance with this Stipulated Judgment. If any such information is requested by Plaintiff, Defendant will provide such information to Plaintiff within thirty (30) business days of the request.

E. Defendant shall make the Second Payment on the date specified in Paragraph 10(B) above, unless notified by Plaintiff in writing that the Second Payment has been permanently stayed.

F. In the event that Defendant disputes whether Plaintiff's determination in paragraph 10(C) was reasonable, Defendant may seek review from this Court of Plaintiff's determination by paying the Second Payment into escrow with this Court and making a motion with this Court for review of Plaintiff's determination. In any such review, Defendant shall have the burden of proving by preponderance of the evidence that Plaintiff's determination was unreasonable.

10. The Second Payment shall not affect Plaintiff's right to seek enforcement of this Stipulated Judgment by the Court, penalties for violations of this Stipulated Judgment, and any other remedy at law or in equity, including but not limited to the right to file a new action under Business and Professions Code sections 17200, 17207, 17500 or 17537 for violations occurring

1 after the date of entry of this Stipulated Judgment.

2 11. All payments required to be paid pursuant this Stipulated Judgment shall be sent to the
3 San Francisco District Attorney's Office, Attention June D. Cravett, 732 Brannan Street, San
4 Francisco, California 94103.

5 RETENTION OF JURISDICTION, ATTORNEYS' FEES, FILING FEES

6 12. Jurisdiction is retained by the Court for the purpose of enabling Plaintiff or Defendant
7 to apply to the Court at any time for such further orders and directions as are necessary or
8 appropriate for the carrying out of this Stipulated Judgment, the enforcement of compliance with
9 this Stipulated Judgment, the punishment of violations of this Stipulated Judgment, or for such
10 other and further orders as may be required to modify or to carry out any of the terms of this
11 Stipulated Judgment.

12 13. Reasonable attorneys' fees incurred by Plaintiff as a result of any violation of this
13 Stipulated Judgment, if such violation is proven in a court of law, shall be recoverable as costs
14 pursuant to California Code of Civil Procedure sections 685.040 and 1033.5(a)(10)(A).

15 14. Defendant shall pay all filing fees associated with its appearance in this action.

16 EFFECTIVE DATE

17 15. This Stipulated Judgment shall take effect immediately upon entry thereof, without
18 further notice to Defendant.

19 16. The clerk is ordered to enter this Stipulated Judgment forthwith.

20 DATED: DEC - 9 2014

21 HARRY DORFMAN

22

23 JUDGE OF THE SUPERIOR COURT